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The Honorable Diane Rice
And Members of the House Judiciary Committee

Dear Representative Rice:

Please let this letter address some concerns and requests expressed at the hearing on SB 337. The Green Electricity Buying Cooperative's request or authority to own windmills and solar collectors has been objected to because its Board and executive director have 'zero germane technical experience' and they have engaged in "significant political activism on behalf of the Democratic Party." We do not address either premise except to indicate that our projects are selected without reference to politics, our qualifications are listed on our web site--we do not hide them. And GEBCO has for many months endeavored to strengthen its Board and broaden its experience and political makeup with the right persons. **So today we are proud to announce that Dr. Paul Williamson, former Dean of the College of Technology at the University of Montana has agreed to replace Mrs. Pat Klingman, who has served GEBCO well as a placeholder for this past year on our Board. We are still seeking a younger Republican woman of similar caliber to replace Rev. Vern Klingman. In addition, we have signed a Binding Letter of Intent to enter a Project Labor Agreement with the Southeastern Montana Building and Construction Trades Council to insure professional contracting and labor on our projects.**

Further, we are making the same offer to those who object to the political and technical makeup of current GEBCO leadership that we have made to rural electric cooperatives. The offer takes the greed out of the public utility system and demonstrates that we were not out to profiteer when we applied for CREBs funding or when we received CREBs authorizations. The offer is this. If someone does not like the makeup of our cooperative and thinks something is awry in the award, they can form their own cooperative and buy power from GEBCO. When their members have contributed enough money for energy to pay for a windmill and the ancillary power, etc. needed to firm its output and to maintain the machine; GEBCO will deed the windmill over to that cooperative and they can own it. They should know however, that GEBCO will have to own the windmill until it is paid for because of the terms governing Clean Renewable Energy Bonds and that our lease with the land owners will have to be honored. And the persons making this objection must adopt by-laws that prevent the turbines from being sold out from under their members like the dams and power plants were sold out from under us because of deregulation bill. For every 300 people they get in their co-op, we estimate that a megawatt of wind power can be installed.

In short, if they don't like our co-op, they can form their own. We will help by providing model articles of incorporation and bylaws and share the good fortune of our authorization to issue CREBs. In the meantime, if our authorization passes, we will be making application for more CREBs as future funding rounds are announced and they can too.

The answers to several other questions and the innuendo implied by them are that GEBCO got the awards for 2 of its 6 projects because they were credible and met the qualifications and because others did not apply. We knew about the projects because we

follow alternative energy. It was not unusual for Minnesota to take away a lion's share of previous funding in other programs because they were on top of their applications. I followed Minnesota's experience, having lived there for a number of years.

You have a letter from Dave Ryan concerning what he certified. Representative Peterson has been in contact with Mae Nan Ellingson to get answers to his bonding questions.

Representative Rice has asked for specific wind data for the (GEBCO) Green Electricity Buying Cooperative's Molt and Fort Peck wind farm sites. As stated, we have not yet measured the wind at the Fort Peck site. You may find 4 meter data we consulted for Fort Peck at page 2 of

http://www.deq.state.mt.us/Energy/wind_atlas/counties/Valley.PDF

That site is roughly equivalent to the site we selected twenty miles to the south.

In addition to providing links to the public wind data for the Molt site, GEBCO has privately respectfully requested Representative Rice to modify her request for wind data on the Molt site for the following reasons (not all of which were expressed at the time of the request).

- 1) The requested data does not belong to GEBCO. But rather as stated in the CREBs application, it belongs to Dr. David Healow. He is reluctant to release the data. If the legislature does not approve GEBCO's current request for authority to own the wind turbines that wind data will be used for other purposes by Dr. Healow. It should not be available in the public domain to competing wind developers.
- 2) If your purpose is to test whether or not my sworn statements concerning wind data are true, we will provide one copy of the Molt wind data to Representative Ken Peterson (whose district the windmills will be in) and to a qualified, non-competing wind data analyst of his choosing on the provision that they both sign a nondisclosure agreement except to verify the truthfulness of my statement to the IRS that the wind was at least class 5 on the Molt site. That copy must be returned after the verification. I will provide this information as soon as I receive it from Dr. Healow even though your committee has no authority to seek it for that purpose (or GEBCO's CREBs application for that matter) as indicated in Mason's Legislative Manual, Sec. 797 ¶ 2. **Since this purpose appears to be outside of the committee's authority, the hearing on SB 337 should not be held up for such a purpose. So we respectfully ask that the bill be acted on in a timely manner.**
- 3) The IRS did not require specific wind data for the CREBs application. If the committee's purpose is to re-evaluate the IRS determination on our application, then this data is irrelevant to that reevaluation.
- 4) The wind data was not developed with public funds. Mr. Ryan has given you access to data that is publicly available. At the time GEBCO reimburses itself with funds obtained via the CREBs bonding process for the wind studies it

performs, GEBCO will make the wind data public because it will at that point be paid for with public supported funding.

- 5) In addition, if at some time the legislature or federal law requires wind data to be made available by all similarly situated wind developers because it is involved in a public project, that data will be made available. However, at this time we feel it is not correct to single us out for that wind data while not applying the same criteria to other wind developers, e.g. to MDU in its discussions before you of the Fallon County site. MDU will be taking advantage of 1.9 cent tax credits and rapid depreciation that will cost the American taxpayer up to 30% more per megawatt of power than the federal CREBs incentive GEBCO is using.
- 6) I did not realize that the information I made available to you voluntarily would end up on a web site, especially the proprietary data I pointed out to you in tab G. Much of the non-proprietary data we have posted on our own web site. While as I have done in the past, I am happy to help other Montanans develop successful CREBs applications using ours as a basis, putting our data on a website gives folks from other states access to compete using that data and possibly beating out Montana applicants. In addition, it puts GEBCO at a competitive disadvantage when negotiating construction contracts because the bidders will know the figures we are anticipating. **We respectfully request you to remove the data found in Appendix G and the 2-page pro forma spread sheet attached to my September 14, 2006 letter to the IRS from the legislature's web site.**
- 7) We intend to spend between \$10,000 and \$30,000 modeling the wind on both sites if we get the authority to own the windmills. We believe that we can obtain bankable data via computer and satellite modeling that is now revolutionizing the wind industry from the time when the wind on your ranch was measured by the power company. If we can use computer modeling the cost will be on the low end of that range and take much less time than the conventional method of measuring wind for a year or two.
- 8) You will note that the financial model I used assumed machine out put in class 3 wind. Since Most of Montana is class 4 at 30 meters, and since we believe we have class 5 wind or better at the Molt site and at least class 4 at the site South of Fort Peck, the income projections in my application are very conservative.
- 9) While we had an opportunity to obtain Vestas windmills this summer, that opportunity seems to have passed. Now it is common in the wind industry to wait two years for machines and under the terms of the CREBs, we have until the end of 2008 to float the bonds. Thus we have sufficient time to obtain wind data from a tower if the computer modeled data is not sufficient.
- 10) There are two checks on wind measurement. So the legislature does not have to concern itself with that. If either is not met, the project will not go forward. The first is a requirement of the wind turbine manufacturer that certain tests be done or

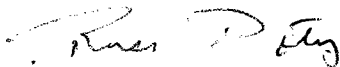
wind demonstrated. Manufacturers do not want their turbines in places that will not produce results. It is bad business. The second would be the information required in a prospectus to institutional investors in a private placement of the CREBs that will finance the project. Public disclosure is not required in either case.

11) Also, GEBCO has released the application we made to the IRS voluntarily to demonstrate that there is no basis for the rumors that have apparently spawned the placement of SB 337 in your committee. We have been forthcoming despite the fact that there are several paragraphs dealing with the limitations on the right of a legislative body to investigate found in Mason's Legislative Manual, Sec. 797 which we respectfully ask you and others who placed SB 337 in your committee to adhere to in conducting further proceedings on SB 337.

12) In conclusion, the material question posed by SB 337 is, should Green buying cooperatives be allowed to own equipment to generate a green electricity product that MDU has admitted before your committee that it will not provide and that Northwestern is not providing and has no stated plans to provide. Further, if the Public Service Commission is going to allow the Yellowstone Club to coalesce to own power lines, we submit that the not so wealthy ought to be able to come together in a group to own windmills, especially when we are willing to abide by exit or reentry tariffs that will hold existing customers harmless for our seeking to create a green power product for Montana farmers that will benefit more than just a few of them.

Thank you in advance for your continued hard work on and consideration of our proposal.

Sincerely,



Russ Doty, Executive Director
Green Electricity Buying Cooperative
406-696-2842